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September 29, 1997

EX PARTE OR LATE FILED

BY HAND DELIVERY

Mr. William F. Caton
Acting Secretary
Federal Communications Commission
1919 M Street
Washington, D.C. 20554

SEP 2 9 1997

> Re: Universal Service CC Docket No. 96-45
>   Telephone Number Portability CC Docket No. 95-116
>   EX PARTE PRESENTATION

Dear Mr. Caton:

On Friday, September 26, 1997, Jeffrey E. Smith, Esq. and Mr. James R. Coltharp, of Comcast Cellular Communications Inc. ("Comcast"), and Brian Fontes of the Cellular Telecommunications Industry Association met with Lawrence E. Strickling, Chairman of the Commission's Local Competition Task Force, regarding the above-referenced proceedings. During that meeting, Comcast discussed the impact of the Commission's universal service proceeding and number portability rules on Comcast's CMRS operations. The attached written materials were distributed at this meeting.

Pursuant to Section 1.1206(b) of the Commission's Rules, an original and one copy of this letter are being submitted to the Secretary's office for each of the above-captioned dockets and copies are being provided to the Commission participants in the meeting.

Respectfully submitted,

Laura H. Phillips
Counsel for Comcast
Cellular Communications, Inc.

cc: Lawrence E. Strickling, Esquire
         Jeffrey E. Smith, Esquire
         Mr. James R. Coltharp

Comcast Cellular Communications, Inc.

Presentation for

Local Competition Task Force

September 26, 1997

Major Issues for Wireless Services Regarding Local Competition

1. Wireless services can compete in the local exchange marketplace over time.

2. Wireless services continue to become increasingly competitive within CMRS.

3. Because of unique competitive dynamics, constraints in financial markets, and technological differences, the pace of wireless entry into local exchange services and the ability of wireless players to respond to policy goals will be affected in part by the extent to which public policy is more carefully tailored to those market factors.

Wireless services can compete in the local exchange marketplace over time.

Opportunities for wireless entry into local exchange service are greatest in rural areas.

Wireless services offer distinct benefits to consumers through larger coverage areas and mobility.

Comcast has purchased PCS licenses and is extending its digital coverage to areas west of Philadelphia to Harrisburg.

Wireless carriers will address the issue of the rural cross-over point for universal service purposes to address economic issues of infrastructure costs related to local exchange replacement.

<u>Barriers</u>:
(1) Infrastructure costs for landline replacement.
(2) Prices.
(3) Customer perceptions of use of wireless devices.

Wireless services continue to become increasingly competitive within CMRS.

Entrants in the digital wireless voice market in Philadelphia already include Comcast, Bell Atlantic Mobile, Sprint, and Nextel. AT&T Wireless and Omnipoint are each expected in October/November 1997.

Philadelphia region is:
 2nd highest in penetration (over 20% for total market, Comcast has 9.3% as of 1996)
 Among the lowest in pricing
 Among the lowest in revenue per subscriber at $49, including all revenue

Prices falling:
 Comcast digital service plans will be 15-40% lower than analog plans.

More flexible range of service:
 GroupTalk plan allows for lower rates for work groups.
 Service plans generally are more tailored to customer needs and preferences.

Wireless services continue to become increasingly competitive within CMRS. (continued)

Financial markets:

Compared to LECS, wireless services demonstate:
    lower market share,
    lower overall penetration,
    greater levels of competition,
    non-guaranteed rates of return.

As a result, expectations of financial markets are based on increased risk and evaluated on cash flow rather than (guaranteed) rates of return.

Technological and licensing differences compared to landline services:

Cost of building infrastructure is higher for landline replacement in more densely populated areas.

Calling areas and rate plans reflect deployment of infrastructure geared toward traffic centers and larger market size represented by licensed territories.

Affected by greater competition and mobility.

Because of unique competitive dynamics, constraints in financial markets, and technological differences, the pace of wireless entry into local exchange services and the ability of wireless players to respond to policy goals will be affected in part by the extent to which public policy is more carefully tailored to those market factors.

E911 Implementation...costs of E911 service paid entirely by wireless carriers create disparity between wireless and wireline treatment.

Markets where number portability is required...requires implementation in top 100 markets essentially requires national implementation for wireless carriers.

Implementation of universal service worksheets...creates inequities among competing carriers by permitting varying methodologies.

Conclusions:

1. The Commission should review impact of competitive inequities resulting from disparate policy treatment between wireless and wireline services.

   E911

2. The Commission should review competitive inequities from applying policies oriented toward ILECs to wireless services.

   Number portability

   Universal service

3. Wireless services will benefit from each Commission action to determine federal-state issues independently rather than treating all telecommunications carriers as similar.

   Number portability

   Interconnection, Universal service

4. The opportunity for investment in and development of wireless services will improve through each Commission action that promotes greater certainty.

   Universal service